ArdaghGroup

Interim Report

For the three and nine months ended 30 September 2015

Ardagh Packaging Holdings Limited

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As used herein, “APHL” or the “Company” refer to Ardagh Packaging Holdings Limited, and “we”, “our”, “us”, “Ardagh” and the “Group” refer to APHL and its consolidated subsidiaries, unless the context requires otherwise.

Forward-Looking Statements

The Group and its representatives may from time to time make written or verbal statements which, to the extent that they are not historical fact, constitute “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Any statements regarding past trends or activities should not be taken as a representation that such activities or trends will continue in the future.

The Group undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written or verbal forward-looking statements attributable to the Group or to persons acting on the Group’s behalf are expressly qualified by the cautionary statements referred to above.

SELECTED FINANCIAL INFORMATION

The following discussion should be read in conjunction with, and is qualified in its entirety to reference to the unaudited condensed consolidated interim financial statements and the related notes thereto included in this document.

The following table sets forth summary consolidated financial information for the Group.

	Unaudited - Reported (in € millions, except ratios and percentages)				
	Three months ended		Nine months ended		Year ended
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015
Income statement data					
Revenue	1,461	1,311	3,971	3,560	5,144
EBITDA[1]	277	240	730	612	910
Depreciation and amortisation	(98)	(97)	(286)	(254)	(395)
Exceptional items[2]	(17)	(38)	(54)	(362)	(167)
Finance expense[3]	(89)	(107)	(266)	(265)	(349)
Profit/(loss) before tax	73	(2)	124	(269)	(1)
Income tax (charge)/credit	(15)	(8)	(50)	22	(69)
Profit/(loss) for the period	58	(10)	74	(247)	(70)
Cash flow data					
Operating cash flow[4]	238	209	390	289	563
Free cash flow[5]	156	137	121	57	212
Other data					
EBITDA margin[1]	19.0%	18.3%	18.4%	17.2%	17.7%
Debt service costs[6]	81	78	243	253	320
Capital expenditure[7]	58	51	221	230	305
Ratio of EBITDA to debt service costs[1] [6]	3.4x	3.1x	3.0x	2.4x	2.8x

	Unaudited – Reported (in € millions)			
	30 Sep 2015	30 June 2015	31 Dec 2014	30 Sep 2014
Balance sheet data				
Cash[8]	295	189	412	249
Total assets	6,360	6,316	6,095	6,254
Total borrowings[9]	5,334	5,382	5,245	5,134
Total equity	(1,332)	(1,358)	(1,308)	(1,070)
Net debt[10]	4,911	5,063	4,733	4,816

All footnotes are on page 8 of this document.

OPERATING AND FINANCIAL REVIEW

Pro Forma Operating Results

The consolidated results for the three and nine months ended 30 September 2015 and 2014 are presented in this review on a pro forma basis, based on unaudited financial information.

Transactions which occurred in the nine months ended 30 September 2014 and the twelve months ended 30 September 2015 are as follows:

– The acquisition of Verallia North America ("VNA"), closed on 11 April 2014.
– The divestment of six former Anchor Glass plants and related assets (the "Anchor Divestment"), closed on 30 June 2014.
– The divestment of the Group's Metal Packaging operations in Australia and New Zealand, closed on 31 December 2014.
– The divestment of a small business in the Metal Packaging division, closed on 31 October 2014.

We believe it is more useful to review revenue and EBITDA on a pro forma basis, as if each of these transactions had occurred on 1 January 2014.

	Unaudited – Pro Forma (in € millions, except ratios and where indicated)				
	Three months ended		Nine months ended		Year ended
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015
Revenue					
Glass Packaging North America	451	379	1,302	1,092	1,672
Glass Packaging Europe	398	374	1,096	1,057	1,445
Metal Packaging	612	520	1,573	1,391	1,998
Group	**1,461**	**1,273**	**3,971**	**3,540**	**5,115**
EBITDA[1]					
Glass Packaging North America	90	77	261	203	328
Glass Packaging Europe	87	85	225	219	283
Metal Packaging	100	76	244	184	295
Group	**277**	**238**	**730**	**606**	**906**
EBITDA Margin[1]					
Glass Packaging North America	20.0%	20.3%	20.0%	18.6%	19.6%
Glass Packaging Europe	21.9%	22.7%	20.5%	20.7%	19.6%
Metal Packaging	16.3%	14.6%	15.5%	13.2%	14.8%
Group	**19.0%**	**18.7%**	**18.4%**	**17.1%**	**17.7%**
Capital expenditure	58	51	221	241	304
Ratio of net debt to EBITDA[1] [10]					5.4x

All footnotes are on page 8 of this document.

Bridge of 2014 Revenue to 2015 Revenue

	Three months ended 30 September				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported revenue 2014	**379**	**374**	**753**	**558**	**1,311**
Disposals	-	-	-	(38)	(38)
Pro forma revenue 2014	**379**	**374**	**753**	**520**	**1,273**
Organic	(5)	11	6	85	91
FX translation	77	13	90	7	97
Reported revenue 2015	**451**	**398**	**849**	**612**	**1,461**

Bridge of 2014 EBITDA to 2015 EBITDA

	Three months ended 30 September				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported EBITDA 2014	**77**	**85**	**162**	**78**	**240**
Disposals	-	-	-	(2)	(2)
Pro forma EBITDA 2014	**77**	**85**	**162**	**76**	**238**
Organic	(3)	-	(3)	23	20
FX translation	16	2	18	1	19
Reported EBITDA 2015	**90**	**87**	**177**	**100**	**277**
Reported EBITDA 2015 margin	**20.0%**	**21.9%**	**20.8%**	**16.3%**	**19.0%**
Pro forma EBITDA 2014 margin	**20.3%**	**22.7%**	**21.5%**	**14.6%**	**18.7%**

Bridge of 2014 Revenue to 2015 Revenue

	Nine months ended 30 September				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported revenue 2014	**983**	**1,057**	**2,040**	**1,520**	**3,560**
Acquisitions	314	-	314	-	314
Disposals	(205)	-	(205)	(129)	(334)
Pro forma revenue 2014	**1,092**	**1,057**	**2,149**	**1,391**	**3,540**
Organic	(25)	7	(18)	153	135
FX translation	235	32	267	29	296
Reported revenue 2015	**1,302**	**1,096**	**2,398**	**1,573**	**3,971**

Bridge of 2014 EBITDA to 2015 EBITDA

	Nine months ended 30 September				
	Glass Packaging North America €m	Glass Packaging Europe €m	Glass Packaging Total €m	Metal Packaging €m	Group €m
Reported EBITDA 2014	**198**	**219**	**417**	**195**	**612**
Acquisitions	45	-	45	-	45
Disposals	(40)	-	(40)	(11)	(51)
Pro forma EBITDA 2014	**203**	**219**	**422**	**184**	**606**
Organic	14	(1)	13	57	70
FX translation	44	7	51	3	54
Reported EBITDA 2015	**261**	**225**	**486**	**244**	**730**
Reported EBITDA 2015 margin	**20.0%**	**20.5%**	**20.3%**	**15.5%**	**18.4%**
Pro forma EBITDA 2014 margin	**18.6%**	**20.7%**	**19.6%**	**13.2%**	**17.1%**

Operating and Free Cash Flow

	Three months ended		Nine months ended		Year ended
	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015
	€m	€m	€m	€m	€m
Reported EBITDA	**277**	**240**	**730**	**612**	**910**
Movement in working capital	24	25	(97)	(81)	(10)
Capital expenditure[(7)]	(58)	(51)	(221)	(230)	(305)
Exceptional restructuring paid	(5)	(5)	(22)	(12)	(32)
Operating Cash Flow	**238**	**209**	**390**	**289**	**563**
Interest paid*	(65)	(63)	(234)	(214)	(316)
Income tax**	(17)	(9)	(35)	(18)	(35)
Free Cash Flow	**156**	**137**	**121**	**57**	**212**

*Interest paid in the three months ended 30 September 2014 excludes exceptional interest paid of €9 million relating to the borrowings that were repaid in July 2014. Interest paid in the nine months ended 30 September 2014 excludes a further €10 million relating to the notes issued in January 2013 to finance the VNA acquisition.

**Income tax paid in the nine months ended 30 September 2014 excludes €17 million exceptional income tax paid relating to the Anchor Divestment and the disposal of the Group's investment in ORG, a listed Chinese metal packaging company, which occurred during the year ended 31 December 2013.

The nine month non-GAAP information in the above table has been extracted from the Consolidated Interim Statement of Cash Flows on page 15, and related notes.

Review of the Quarter

Third quarter revenue of €1,461 million represented an increase of 11% over the same period in 2014. Revenue increased by 15% at actual exchange rates and by 7% at constant currency, compared with the pro forma third quarter of 2014.

Revenue in Glass Packaging of €849 million in the quarter increased by 13% compared with the same period in 2014 and by 1% at constant currency. Glass Packaging North America revenue of €451 million was 19% higher than the same period last year and was 1% lower at constant exchange rates. Glass Packaging Europe increased revenue by 6% to €398 million compared with the same period in 2014, with constant currency revenue rising by 3%.

Metal Packaging revenue of €612 million in the third quarter increased by 18% over pro forma revenue for the same period last year. Constant currency revenue growth of 16% in the quarter was largely attributable to the Group's expansion in North America. Metal Europe revenue was in line with the same quarter of 2014 on a constant currency basis.

EBITDA for the third quarter of €277 million represented an increase of 15% over the same period in 2014. EBITDA increased by 16% compared with pro forma EBITDA for the same period last year at actual exchange rates and by 8% at constant currency. EBITDA margin of 19.0% for the third quarter was 30 basis points higher than the pro forma margin in the same period last year.

Glass Packaging EBITDA of €177 million in the third quarter increased by 9% over the same period last year and was 2% lower at constant currency. Glass Packaging North America EBITDA for the quarter of €90 million increased by 17% over the same period in the prior year and was 3% lower at constant currency, principally reflecting the timing of furnace rebuilds and a relatively strong comparable period performance. Glass Packaging Europe EBITDA for the quarter of €87 million represented an increase of 2% over the same period last year and was unchanged at constant exchange rates.

Metal Packaging EBITDA of €100 million in the third quarter increased by 28% over the same period last year. EBITDA increased by 32% over pro forma EBITDA for the same period last year at actual currency rates and by 30% at constant currency. EBITDA growth for the quarter reflected a strong contribution from the Group's new North American plants, as well as stable volumes and the continued delivery of efficiencies in Europe.

Operating cash flow in the third quarter increased by 14%, or €29 million, to €238 million, compared with the same period last year. Increased operating cash flow reflected EBITDA growth of €37 million in the third quarter, compared with the same period last year, partly offset by an increase of €7 million in capital expenditure over the third quarter of 2014. Third quarter tax payments increased by €8 million due to the increased size of the Group, as well as timing factors. Free cash flow before exceptional items was €156 million in the third quarter, an increase of €19 million compared with the same period last year. The Group ended the quarter with cash and available liquidity of €585 million, an increase of €136 million since 30 June 2015.

Financing and Investment Activity

As previously reported, Oressa Limited, a wholly-owned subsidiary of Ardagh formed with the intention of acquiring the Group's Metal Packaging business, filed an F-1 registration statement with the SEC in June in connection with its proposed initial public offering on the New York Stock Exchange. Preparations continued during the third quarter and into October with amendments to the F-1 filed in August and October. The Group has virtually completed its preparations for the IPO of Oressa, but the current IPO market conditions in the US are challenging and, as a result, it does not believe that it would be wise to seek to access the equity markets at this point in time. The Group plans to keep the situation under constant review and to remain ready to launch the IPO as soon as market conditions are suitable.

Footnotes to the Selected Financial Information

(1) EBITDA is operating profit before depreciation, amortisation, impairment and exceptional operating items. EBITDA margin is calculated as EBITDA divided by revenue. EBITDA and EBITDA margin are presented because we believe that they are frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate EBITDA and EBITDA margin in a manner different from ours. EBITDA and EBITDA margin are not measurements of financial performance under IFRS and should not be considered an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to profit/(loss) on ordinary activities as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Exceptional items are shown on a number of different lines in the Consolidated Interim Income Statement presented in subsequent pages in this report.

(3) Excludes exceptional interest expense.

(4) Operating cash flow reflects reported EBITDA adjusted for working capital, capital expenditure (see footnote 7 below) and exceptional restructuring costs paid. Working capital is comprised of inventories, trade and other receivables, trade and other payables, and provisions.

(5) Free cash flow is defined as operating cash flow less interest and tax paid adjusted for exceptional interest and tax paid.

(6) Debt service costs represent net finance expense excluding exceptional finance items, net pension interest costs, foreign exchange gains and losses, gains and losses on derivatives not designated as hedges, and other finance expenses.

(7) Capital expenditure is the sum of purchases of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Consolidated Interim Statement of Cash Flows on page 15.

(8) Cash includes restricted cash.

(9) Total borrowings include all bank borrowings as well as vendor loan notes, subordinated loan notes before deduction of any unamortised debt issuance costs or premium on debt issuance above par.

(10) Net debt equals total borrowings and premium on debt issuance above par, less cash, deferred debt issuance costs and the fair value of associated derivative financial instruments.

ArdaghGroup

Financial Statements

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2015

	Note	30 September 2015 €m Unaudited	31 December 2014 €m Audited
Non-current assets			
Intangible assets	3	1,798	1,762
Property, plant and equipment	3	2,285	2,223
Derivative financial instruments		77	40
Deferred tax assets		190	184
Other non-current assets		10	10
		4,360	**4,219**
Current assets			
Inventories		839	770
Trade and other receivables		866	692
Derivative financial instruments		-	2
Restricted cash		10	9
Cash and cash equivalents		285	403
		2,000	**1,876**
TOTAL ASSETS		**6,360**	**6,095**
Equity attributable to owners of the parent			
Ordinary shares		-	-
Capital contribution		101	101
Other reserves		(202)	(105)
Retained earnings		(1,233)	(1,306)
		(1,334)	**(1,310)**
Non-controlling interests		2	2
Total equity		**(1,332)**	**(1,308)**
Non-current liabilities			
Borrowings	4	5,282	5,181
Employee benefit obligations		785	723
Deferred tax liabilities		460	455
Provisions		40	33
		6,567	**6,392**
Current liabilities			
Borrowings	4	1	4
Interest payable		85	80
Derivative financial instruments		7	7
Trade and other payables		928	803
Income tax payable		71	67
Provisions		33	50
		1,125	**1,011**
Total liabilities		**7,692**	**7,403**
TOTAL EQUITY and LIABILITIES		**6,360**	**6,095**

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

			30 September 2015			30 September 2014
	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	1,461	-	1,461	1,311	-	1,311
Cost of sales	(1,174)	(9)	(1,183)	(1,092)	(21)	(1,113)
Gross profit/(loss)	**287**	**(9)**	**278**	**219**	**(21)**	**198**
Sales, general and administration expenses	(81)	(8)	(89)	(50)	(6)	(56)
Intangible amortisation	(27)	-	(27)	(26)	-	(26)
Operating profit/(loss)	**179**	**(17)**	**162**	**143**	**(27)**	**116**
Finance expense	(89)	-	(89)	(107)	(11)	(118)
Profit/(loss) before tax	**90**	**(17)**	**73**	**36**	**(38)**	**(2)**
Income tax charge			(15)			(8)
Profit/(loss) for the period			**58**			**(10)**
Profit/(loss) attributable to:						
Owners of the parent			58			(10)
Non-controlling interests			-			-
Profit/(loss) for the period			**58**			**(10)**

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	30 September 2015			30 September 2014		
	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	3,971	-	3,971	3,560	-	3,560
Cost of sales	(3,241)	(26)	(3,267)	(2,967)	(64)	(3,031)
Gross profit/(loss)	**730**	**(26)**	**704**	**593**	**(64)**	**529**
Sales, general and administration expenses	(205)	(18)	(223)	(174)	(25)	(199)
Intangible amortisation	(81)	-	(81)	(61)	(22)	(83)
Loss on disposal of business	-	-	-	-	(124)	(124)
Operating profit/(loss)	**444**	**(44)**	**400**	**358**	**(235)**	**123**
Finance expense	(266)	(10)	(276)	(265)	(127)	(392)
Profit/(loss) before tax	**178**	**(54)**	**124**	**93**	**(362)**	**(269)**
Income tax (charge)/credit			(50)			22
Profit/(loss) for the period			**74**			**(247)**
Profit/(loss) attributable to:						
Owners of the parent			74			(247)
Non-controlling interests			-			-
Profit/(loss) for the period			**74**			**(247)**

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

		Three months ended		Nine months ended	
	Note	30 Sep 2015 €m	30 Sep 2014 €m	30 Sep 2015 €m	30 Sep 2014 €m
Profit/(loss) for the period		**58**	**(10)**	**74**	**(247)**
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation adjustments:					
-Arising in the period		(14)	(65)	(103)	(96)
		(14)	**(65)**	**(103)**	**(96)**
Effective portion of changes in fair value of cash flow hedges:					
-New fair value adjustments into reserve		1	(2)	38	1
-Movement out of reserve		(1)	5	(33)	5
-Movement in deferred tax		1	(1)	1	(2)
		1	**2**	**6**	**4**
Items that will not be reclassified to profit or loss					
-Re-measurements of employee benefit obligations	5	(39)	(26)	(8)	(73)
-Deferred tax movement on employee benefit obligations		20	6	7	20
		(19)	**(20)**	**(1)**	**(53)**
Other comprehensive expense for the period		**(32)**	**(83)**	**(98)**	**(145)**
Total comprehensive income/(expense) for the period		**26**	**(93)**	**(24)**	**(392)**
Attributable to:					
Owners of the parent		26	(93)	(24)	(392)
Non-controlling interests		-	-	-	-
Total comprehensive income/(expense) for the period		**26**	**(93)**	**(24)**	**(392)**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Attributable to owners of the parent						
	Capital contribution €m	Retained earnings €m	Foreign currency translation adjustment €m	Cash flow hedges €m	**Total €m**	Non-controlling interests €m	**Total equity €m**
1 January 2015	**101**	**(1,306)**	**(102)**	**(3)**	**(1,310)**	**2**	**(1,308)**
Profit for the period	**-**	74	-	**-**	**74**	**-**	**74**
Other comprehensive (expense)/income	**-**	(1)	(103)	6	**(98)**	**-**	**(98)**
30 September 2015	**101**	**(1,233)**	**(205)**	**3**	**(1,334)**	**2**	**(1,332)**

	Attributable to owners of the parent						
	Capital contribution €m	Retained earnings €m	Foreign currency translation adjustment €m	Cash flow hedges €m	**Total €m**	Non-controlling interests €m	**Total equity €m**
1 January 2014	101	(823)	47	(5)	**(680)**	2	**(678)**
Loss for the period	-	(247)	-	-	**(247)**	**-**	**(247)**
Other comprehensive (expense)/income	-	(53)	(96)	4	**(145)**	**-**	**(145)**
30 September 2014	**101**	**(1,123)**	**(49)**	**(1)**	**(1,072)**	**2**	**(1,070)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)

	Note	30 Sep 2015 €m	30 Sep 2014 €m
Cash flows from operating activities			
Cash generated from operations	9	576	449
Interest paid		(234)	(233)
Income tax paid		(35)	(35)
Net cash from operating activities		**307**	**181**
Cash flows from investing activities			
Business combinations		-	(1,038)
Proceeds received from disposal of business		-	318
Purchase of property, plant and equipment		(222)	(237)
Purchase of software and other intangibles		(7)	(7)
Proceeds from disposal of property, plant and equipment		8	14
Net cash used in investing activities		**(221)**	**(950)**
Cash flows from financing activities			
Proceeds from borrowings		-	3,468
Repayment of borrowings		(197)	(2,589)
Early redemption premium and related costs paid		(8)	(97)
Deferred debt issue costs		(2)	(50)
Net (outflow)/inflow from financing activities		**(207)**	**732**
Net decrease in cash and cash equivalents		**(121)**	**(37)**
Cash and cash equivalents at beginning of the period		412	294
Exchange gains/(losses) on cash and cash equivalents		4	(8)
Cash and cash equivalents at end of the period		**295**	**249**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Statement of directors' responsibilities

The Directors are responsible for preparing the condensed consolidated interim financial statements. The Directors are required to prepare financial information for each financial period of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and to
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the condensed consolidated interim financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at: www.ardaghgroup.com.

The condensed consolidated interim financial statements were approved for issue by the Board of Directors of APHL (the "Board") on 2 November 2015.

2. Summary of significant accounting policies

Basis of preparation

This condensed consolidated interim financial statements for the three and nine months ended 30 September 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Annual Report for the year ended 31 December 2014, which was prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and on which the independent auditors' report was unqualified.

The condensed consolidated financial statements presented in this interim report do not represent financial statements within the meaning of Section 340 (4) of the Companies Act, 2014. Financial statements for Ardagh Packaging Holdings Limited for the year ended 31 December 2014, upon which the auditors have given an unqualified audit report, were filed with the Registrar of Companies in Ireland.

Income tax in interim periods is accrued using the effective tax rate expected to be applicable to annual earnings.

The accounting policies, presentation and methods of computation followed in the condensed consolidated interim financial statements are the same as those applied in the Group's latest Annual Report.

There are no new IFRS standards effective from 1 January 2015 which have a material effect on the condensed consolidated interim financial statements.

3. Intangible assets and property, plant and equipment

	2015		2014	
	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
	€m	€m	€m	€m
Net book value				
At 1 January	1,762	2,223	1,037	2,087
Acquisitions*	3	-	916	342
Additions	7	198	8	216
Charge for the period	(81)	(205)	(61)	(193)
Impairment	-	-	(22)	(17)
Disposals/Divestments	-	(7)	(258)	(255)
Exchange	107	76	125	80
At 30 September	**1,798**	**2,285**	**1,745**	**2,260**

*Fair value adjustments to goodwill of €3 million were made in the nine months to 30 September 2015 relating to the VNA acquisition. The purchase price allocation is now finalised.

4. Financial assets and liabilities

At 30 September 2015, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn as at 30 September 2015		Undrawn amount
		Local currency m			Local currency m	€m	€m
4.250% First Priority Senior Secured Notes	EUR	1,155	15-Jan-22	Bullet	1,155	1,155	-
First Priority Senior Secured Floating Rate Notes	USD	1,110	15-Dec-19	Bullet	1,110	991	-
6.00% Senior Notes	USD	440	30-Jun-21	Bullet	440	393	-
9.250% Senior Notes	EUR	475	15-Oct-20	Bullet	475	475	-
9.125% Senior Notes	USD	920	15-Oct-20	Bullet	920	821	-
7.000% Senior Notes	USD	150	15-Nov-20	Bullet	150	134	-
6.250% Senior Notes	USD	415	31-Jan-19	Bullet	415	370	-
6.750% Senior Notes	USD	415	31-Jan-21	Bullet	415	370	-
USD Term Loan B Facility	USD	690	17-Dec-19	Amortising	690	615	-
HSBC Securitisation Programme	EUR	150	14-Jun-18	Revolving	-	-	150
Bank of America Facility	USD	155	11-Apr-18	Revolving	-	-	139
Unicredit Working Capital and Performance Guarantee Credit Lines	EUR	1	Rolling	Revolving	-	-	1
Finance lease obligations	GBP/EUR			Amortising	6	6	-
Other borrowings	EUR	4		Amortising	4	4	-
Total borrowings / undrawn facilities						**5,334**	**290**
Deferred debt issue costs and bond premiums						(51)	-
Net borrowings / undrawn facilities						**5,283**	**290**
Cash, cash equivalents and restricted cash						(295)	295
Derivative financial instruments used to hedge foreign currency and interest rate risk						(77)	-
Net debt / available liquidity						**4,911**	**585**

The fair value of the Group's borrowings at 30 September 2015 is €5,265 million (31 December 2014: €5,237 million).

Financing activity

On 12 February 2015, Ardagh repaid in full the principal amount outstanding of its €180 million 8¾% Senior Notes due 2020.

On 1 September 2015, Ardagh repaid €11 million in full settlement of the amounts drawn under the US Equipment and Real Estate Financing Facilities.

These repayments were funded from the Group's internal resources.

5. Employee benefit obligations

Employee benefit obligations at 30 September 2015 have been updated to reflect the latest discount rates and asset valuations. Re-measurement losses of €39 million and €8 million have been recognised in the Consolidated Interim Statement of Comprehensive Income for the three and nine months ended 30 September 2015 respectively.

6. Segmental analysis

Following the disposal of the Group's Metal Packaging operations in Australia and New Zealand on 31 December 2014, the Executive Committee of Ardagh Group S.A. (the "Executive Committee"), reviews the operating results of Metal Packaging as a single business. Consequently Metal Packaging Europe and Metal Packaging North America are combined as one reportable segment, labelled Metal Packaging.

The three reportable segments for the three and nine months ended 30 September 2015 are Glass Packaging North America, Glass Packaging Europe and Metal Packaging. The prior period comparatives have been re-presented to include Metal Packaging North America and Metal Packaging Asia Pacific within the Metal Packaging segment. Inter-segment revenue is not material.

Reconciliation of operating profit to EBITDA

	Three months ended		Nine months ended	
	30 Sep 2015 €m	30 Sep 2014 €m	30 Sep 2015 €m	30 Sep 2014 €m
Operating profit	**162**	**116**	**400**	**123**
Depreciation and amortisation	98	97	286	254
Exceptional operating items	17	27	44	235
EBITDA	**277**	**240**	**730**	**612**

The segment results for the three months ended 30 September are as follows:

	Revenue		EBITDA	
	2015 €m	2014 €m	2015 €m	2014 €m
Glass Packaging North America	451	379	90	77
Glass Packaging Europe	398	374	87	85
Metal Packaging	612	558	100	78
Group	**1,461**	**1,311**	**277**	**240**

The segment results for the nine months ended 30 September are as follows:

	Revenue		EBITDA	
	2015 €m	2014 €m	2015 €m	2014 €m
Glass Packaging North America	1,302	983	261	198
Glass Packaging Europe	1,096	1,057	225	219
Metal Packaging	1,573	1,520	244	195
Group	**3,971**	**3,560**	**730**	**612**

7. Exceptional items

The Group's income statement, cash flow and segmental analysis separately identify results before specific items. Specific items are those that in the Directors' judgement need to be disclosed by virtue of their size, nature or incidence.

	Three months ended		Nine months ended	
	30 Sep 2015 €m	30 Sep 2014 €m	30 Sep 2015 €m	30 Sep 2014 €m
Plant start-up costs	(3)	(5)	(19)	(13)
Restructuring costs	(6)	(16)	(7)	(20)
Exceptional impairment – property, plant and equipment	-	-	-	(17)
Non-cash inventory adjustment	-	-	-	(15)
Other	-	-	-	1
Exceptional items – cost of sales	**(9)**	**(21)**	**(26)**	**(64)**
IPO and related transaction costs	(8)	-	(14)	-
Acquisition related costs	-	(1)	(3)	(16)
Restructuring costs	-	(5)	-	(9)
Other	-	-	(1)	-
Exceptional items – sales, general and administration expenses	**(8)**	**(6)**	**(18)**	**(25)**
Exceptional impairment – intangible assets	**-**	**-**	**-**	**(22)**
Exceptional items - loss on disposal of business	**-**	**-**	**-**	**(124)**
Deferred issue costs written-off and other debt settlement costs	-	-	(10)	-
Debt refinancing costs	-	(11)	-	(117)
Interest payable on VNA acquisition notes	-	-	-	(10)
Exceptional items – finance expense	**-**	**(11)**	**(10)**	**(127)**
	(17)	**(38)**	**(54)**	**(362)**

8. Finance expense

	Three months ended		Nine months ended	
	30 Sep 2015 €m	30 Sep 2014 €m	30 Sep 2015 €m	30 Sep 2014 €m
Senior Secured and Senior Notes	(73)	(72)	(219)	(227)
Term Loan	(6)	(5)	(19)	(22)
Other interest expense	(2)	(1)	(5)	(4)
Interest expense	**(81)**	**(78)**	**(243)**	**(253)**
Net pension interest	(6)	(7)	(17)	(17)
Foreign currency translation (losses)/gains	(1)	(20)	(5)	7
Other finance expense	(1)	(2)	(1)	(2)
Finance expense before exceptional items	**(89)**	**(107)**	**(266)**	**(265)**
Exceptional finance expense	-	(11)	(10)	(127)
	(89)	**(118)**	**(276)**	**(392)**

9. Cash generated from operations

	Nine months ended	
	30 Sep 2015 €m	30 Sep 2014 €m
Profit/(loss) before tax	**124**	**(269)**
Adjustments:		
Depreciation	205	193
Amortisation	81	61
Finance expense before exceptional items	266	265
Exceptional items	54	362
EBITDA	**730**	**612**
Movement in working capital	(97)	(81)
Exceptional plant start-up, acquisition related and disposal costs paid	(30)	(70)
Exceptional restructuring paid	(22)	(12)
IPO and related transaction costs paid	(5)	-
	576	**449**

10. Related party transactions

There were no transactions with related parties as disclosed in the 2014 APHL Annual Report in the three or nine months ended 30 September 2015 that had a material effect on the financial position or the performance of the Group.

11. Contingencies and commitments

Legal matters

The German competition authority (the Federal Cartel Office) has initiated an investigation of the practices in Germany of metal packaging manufacturers including Ardagh. The investigation is at an early stage. At this stage, there is no certainty as to the extent of any charge which may arise and, accordingly, no provision has been recognised.

With the exception of the above legal matter, there have been no significant changes in any of the Group's contingent assets or liabilities and commitments (including purchase commitments) requiring additional separate disclosure as at 30 September 2015.

12. Seasonality of operations

The Group's revenue and cash flows are both subject to seasonal fluctuations. Demand for our glass products is typically strongest during the summer months and in the period prior to December because of the seasonal nature of beverage consumption. Demand for our metal products is largely related to agricultural harvest periods. The investment in working capital for Glass Packaging North America and Glass Packaging Europe typically peaks in the first quarter. The investment in working capital for Metal Packaging generally builds over the first three quarters of the year, in line with the seasonal pattern, and then unwinds in the fourth quarter, with the calendar year-end being the low point. The Group manages the seasonality of working capital by supplementing operating cash flows with drawings under our securitisation and revolving credit facilities.

13. Events after the reporting period

There have been no material events subsequent to 30 September 2015 which would require disclosure in this report.

ArdaghGroup

Ardagh Finance Holdings S.A.

INTERIM STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2015

	Note	30 September 2015 €m Unaudited	31 December 2014 €m Audited
Non-current assets			
Other financial asset		400	400
Receivable from subsidiary		957	865
		1,357	**1,265**
Current assets			
Cash and cash equivalents		2	2
Receivable from subsidiary		24	3
		26	**5**
TOTAL ASSETS		**1,383**	**1,270**
Equity attributable to owners of the parent			
Ordinary shares		-	-
Share premium		400	400
Retained earnings		1	1
Total equity		**401**	**401**
Non-current liabilities			
Borrowings	1	956	864
		956	**864**
Current liabilities			
Interest payable		24	3
Payable to subsidiary		2	2
		26	**5**
Total liabilities		**982**	**869**
TOTAL EQUITY and LIABILITIES		**1,383**	**1,270**

1. Borrowings

At 30 September 2015 the fair value of borrowings is €975 million (31 December 2014: €816 million).

ArdaghGroup

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